

Debtors' Ex. 98



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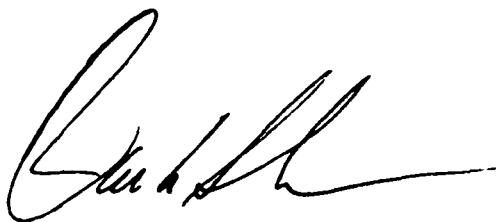
Commonwealth of Puerto Rico

DEPARTMENT OF STATE

San Juan, Puerto Rico

I, CARLOS S. QUIRÓS, Secretary of State of Puerto Rico, DO HEREBY CERTIFY: That the copies of the Acts and Resolutions of the Fourth Regular Session and the Eighth and Ninth Special Sessions of the Eighth Legislature of the Commonwealth of Puerto Rico January 25 to October 8, 1980, herein inserted, are correct transcripts of such copies of the text of the original of such Acts according to certification submitted to the Secretary of State by the publishers.

Given under my hand at San Juan, Puerto Rico, this 28th day of April in the year of our Lord one thousand nine hundred and eighty-two.

A handwritten signature in black ink, appearing to read 'Carlos S. Quirós', with a long horizontal flourish extending to the right.

Secretary of State

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for the implementation thereof, but not later than one year after the approval of this act.

Approved June 18, 1980.

Budget and Management Office—Creation

(H.B. 1067)

[No. 147]

[*Approved June 18, 1980*]

AN ACT

To create the Budget and Management Office in the Office of the Governor, define its functions and powers; to establish the functions and powers of the Governor and the Director of the Budget and Management Office; to create the Budgetary Fund; to limit the operating expenses during election years and establish penalties; to authorize the borrowing of money; to make recommendations on income, and to repeal certain laws.

Be it enacted by the Legislature of Puerto Rico:

Section 1. Short Title

This act shall be known as the Budget and Management Office Organic Act.

Section 2.—Creation of the Budget and Management Office

(a) A Budget and Management Office, hereinafter denominated the "Office", attached to the Office of the Governor as an advisory and auxiliary office to assist the Governor in the performance of his administrative and managerial functions and responsibilities, is hereby created. The Governor shall appoint a Director for said office, who shall serve at the Governor's will. The salary of the Director shall be set under the statutes for the remuneration of heads of agencies. Office expenses including the Director's and other persons' salaries shall be included each year in the Budget Joint Resolution.

(b) The Office shall be deemed an Individual Administrator for the effects of its personnel administration under the provisions of the Puerto Rico Public Service Personnel Act, Act No. 5 of Octo-

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ber 14, 1975, amended.³⁸ The Director of the Office shall select and appoint the professional, technical, secretarial and clerical personnel he deems are needed for the fulfillment of the purposes of this act; and shall determine its qualifications, requirements, functions and duties, pursuant to the provisions of said Public Service Personnel Act. The Director may contract the services of firms and professionals, technicians, consultants, auditors and any others he deems are needed to discharge his functions, and perform such studies, investigations and analyses he deems necessary, or are requested or commissioned by the Governor or the Legislature.

(c) The Director shall be empowered to establish the organizational framework of the Office he feels is needed to comply with the objectives of this act.

Section 3.—Functions and Duties of the Budget and Management Office.

(a) The Budget and Management Office shall advise the Chief Executive, the Legislature and government agencies, under the rules, regulations, instructions and orders prescribed by the Governor, on those matters related to the budget, programs and administrative management, as well as on fiscal matters related to their functions; it shall perform the necessary functions to allow the Governor to submit the Annual Budget of Capital Improvements and Operating Expenses of the Government, including the Public Corporations, to the Legislature; it shall be alert so that the administration and implementing of the budget by the public agencies is conducted according to the appropriating laws and resolutions, under the soundest and most adequate fiscal and administrative standards, in harmony with the programmed objectives for which public funds are appropriated or provided. It shall evaluate the public agencies' programs and activities in terms of economy, efficiency and effectiveness, and shall submit reports to the Governor with recommendations for their implementation. It shall prepare and maintain control of all fiscal and budgetary documents needed for the administration of the budget, and shall perform the necessary changes, amendments or adjustments, according to the legal provisions and guidelines established by the Governor and the Legislature. It shall keep alert to the new currents and trends in the budgetary and administrative fields of public administration to evaluate and adapt those techniques, methods and

³⁸ 3 L.P.R.A. §§ 1301-1431.

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viewpoints that apply to the local administrative field in the drafting and execution of the budget, as well as in program evaluation, administrative analysis, and operational and administrative auditing. It shall also propose any legislation deemed necessary and convenient to include these trends and currents in our budgetary and administrative processes.

(b) The Office shall have the following functions :

(1) Functions connected with the drafting of the budget :

(A) To require from the various public agencies, corporations and political subdivisions of the Government of the Commonwealth of Puerto Rico, on the date it shall determine, the budgetary petitions with the operating plans and corresponding justifications, and all information of a programmatic, fiscal and administrative nature, proposed expenditures, financial and operational statements, and any other necessary information.

(B) To bring together, correlate, review, reduce or increase the budgetary petitions of the various Commonwealth agencies, except as provided in subsection (a), clause (7) of Section 4.

(C) To have access, with the prerogative of examining any books, financial statements, documents, reports, studies, papers or files of the government agencies or public corporations.

(D) To hold meetings with the directors of the agencies.

(E) To prepare financial, program, administrative and operational analyses of all public agencies, including those that operate with their own funds, or United States Government grants.

(F) To take into account and include the indications and recommendations contained in the studies and operational audits and management analyses carried out in the agencies during the analysis of the budgetary petitions thereof.

(2) Functions connected with the administration, implementation and control of the budget :

(A) To prepare and recommend for the Governor's approval, the budgetary items or Executive Budgets, pursuant to subsection (e), clause (1) of Section 4.

(B) To approve the creation or elimination of regular or fixed-term positions and offices during the fiscal year covered by the budget.

(C) To eliminate all vacant positions, or those that become vacant as a result of reorganizations, elimination of duties, re-

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ductions in the volume of work, consolidation of programs or functions, or when deemed necessary for fiscal or budgetary control reasons.

(D) To approve the public officials' authorizations for travel abroad. Provided, that when it is required for the good of the service, the Director of the Office may delegate this power to the Secretaries and Heads of Agencies, by regulations approved by the Governor to these effects.

(E) To execute the control of the appropriations for investments and capital improvements, and require progress reports as frequently as needed to follow up on the execution and development of the programs, and to authorize the reprogramming of resources when the different government agencies request it, and the necessity and convenience thereof is determined. Provided, that it shall also follow up on the capital improvement programs of public corporations, and those financed by United States Government grants. In the performance of this function, it shall establish and maintain the needed coordination with the Government Development Bank regarding capital improvements and their financing, in connection with public corporations. Provided, that any reprogramming of resources that must be made, and the following up of the capital improvement programs, shall be attuned to the provisions of the Investment Program and the spirit of the statute that authorizes the use of the funds.

(F) To verify the availability of funds to cover the reassignment of personnel, in-grade raises in salary, and any other personnel action which would have an effect on the budget, prior to the final authorization by the Central Personnel Administration Office, or by the Individual Administrators whose operating expenses depend on legislative appropriations.

(G) To review and approve together with the Central Personnel Administration Office, the compensation plans of the agencies that are Individual Administrators under the Personnel Act, for the purpose of evaluating the fiscal effect. Said agencies shall establish the necessary procedures to comply with the purposes of this provision.

(H) To verify the availability of funds for the employment of provisional personnel in those agencies that depend on legislative appropriations for their operating expenses.

(I) To require Government agencies to render periodic reports on the status of the appropriations, which reflect the dis-

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bursements, obligations, available balances and projected expenditures.

(J) The administration, execution and control of the Judicial Branch's budget shall rest on the Chief Justice of the Supreme Court of Puerto Rico, or by delegation, on the Administrative Director of the Courts.

(K) The administration, execution and control of the Legislative Branch's budget shall rest on the President of the Senate and the Speaker of the House, respectively.

(3) Functions connected with the administrative and program evaluation and analysis:

(A) To perform those management studies, examinations and evaluations deemed necessary to measure, improve and increase the effectiveness, efficiency and economy in the operation of the regular agencies of the Government of the Commonwealth of Puerto Rico and its Public Corporations, and, in the case of the municipalities, when requested by them. To such effects, it shall, among other things:

1) Keep under continuous scrutiny the organization of the Executive Branch, to advise the Governor and the Legislature on matters such as the creation or elimination of agencies; fusing of agencies; transfer of functions and programs; creation of mechanisms for coordination, planning and counsel, and other measures deemed necessary to improve the direction, coordination and operation of the Executive Branch.

2) Examine and study internally any of the government agencies, public corporations or the municipalities, either totally or partially, regarding the organization, administrative and auxiliary systems and procedures for the planning, central and operational organization, internal and interagency coordination, information systems, auxiliary purchasing and supply services, among others.

3) Indicate and make recommendations to the heads of agencies and the Governor, based on the studies, evaluations and examinations it performs.

4) Keep the Governor informed as to the findings and indications made as a part of the studies performed, and the corrective steps taken in each case.

5) Help and counsel the agencies in developing administrative studies, evaluations, and in implementing the corrective measures adopted jointly.

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6) Participate as advisor or collaborator in structuring and implementing new government programs and agencies, and follow up on their development in order to make indications and recommendations to the Governor and the head of the agency concerned.

7) Provide follow up to the reorganizations implemented by the agencies for the purpose of evaluating the results and achievements obtained through such reorganizations, and present the pertinent indications and recommendations to the head of the agency and to the Governor.

8) Promote and help to coordinate efforts to deal with matters or situations that require the participation or intervention of several government agencies.

(B) To require government agencies to provide reports, material, data and any information on the organization, objectives, functions, activities, legal basis, regulations, resources, strategies, priorities, plans of action and any other managerial or administrative phases that are deemed relevant to the studies, evaluations or audits carried out by the Office. The agencies, departments and other instrumentalities of the Commonwealth Government shall be obliged to supply any information the Office may require to comply with the functions and duties imposed thereupon by this act.

(C) To make the visits, examinations of documents, observations, investigations, inspections or verifications deemed necessary to perform said management studies, audits or evaluations.

(D) To encourage and promote the exchange of information on administrative matters and affairs.

(E) To be watchful that the programmatic evaluating studies it performs take into account the way that the objectives, goals, policies and strategies of each program harmonize with those established in the Integral Development Plan and the Four-Year Investment Program, in addition to those aspects of particular interest to the Office.

(4) Functions connected with operational, managerial or administrative audits:

(A) It shall develop an overall operational, managerial or administrative audit program in the Executive Branch addressed to raising the levels of economy, efficiency and effectiveness of the government programs, activities or projects of an operational and administrative nature.

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(B) It shall perform operational or managerial audits in the regular agencies of the Commonwealth and its public corporations, on its own initiative as well as by request of the Governor or the Legislature, to determine the degree of success attained by the government programs, projects or activities in achieving the stated objectives; in attaining said objectives at the lowest cost possible, and in avoiding or eliminating any waste, extravagance or unnecessary duplication.

(C) For the purpose of propitiating the true positive impact of operational auditing on the economy, efficiency and effectiveness of the government's programs, activities or projects, the Budget and Management Office shall be empowered to:

- 1) Report to the Governor and the heads of agencies the result of the operational audits it performs, in those cases it deems it is needed.

- 2) Include the findings of the auditing studies performed which reveal the status of the government programs, activities or projects with regard to economy, efficiency and effectiveness, in the budget analysis and its recommendations to the Governor.

- 3) Advise and collaborate with government agencies in the correction of conditions or deficiencies found and indicated in the operational auditing project reports. The Office's counsel or collaboration could consist of studies to restructure the agency's organization; analysis and revision of procedures, forms, standards, systems, chains of command; use and distribution of resources (personnel, space, equipment, etc.); supervisory functions and any other phase of management that affects the economy, efficiency or effectiveness of the program, activity or project in question.

- 4) Follow up and report to the Governor on the agencies' actions in connection with the deficiencies, conditions or problems indicated in the reports on operational auditing studies it carries out.

(D) For the adequate development of the audits, the Budget and Management Office shall perform the following activities:

- 1) Contract the consultants it considers necessary in the various fields of specialization, to advise in any phase of the structuring of internal auditing procedures in the Office; with the performance of specific operational or managerial audit-

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ing projects and with personnel training in the fields of auditing, management and the budget.

2) Collaborate with government agencies and sponsor the development of their own internal operational audit programs when it is justified.

3) Coordinate and solicit the support and collaboration of the units or entities which, at the central level of the Executive Branch, or internally in the government agencies, carry out fiscal or financial audits, in order to minimize possible unnecessary duplication of efforts, and to integrate the findings of the fiscal or financial audits to the operational audits, in those cases in which it is possible and necessary.

4) See that training and capacitative projects on evaluating techniques needed for auditing and administrative analysis are developed and coordinated with the Public Service Personnel Development Institute and the School of Public Administration of the University of Puerto Rico, and shall sponsor them directly, when it deems it necessary, for its own personnel.

Section 4.—Functions and Powers of the Governor in Connection With the Budget

(a) In tune with Article IV, Section 4 of the Constitution of the Commonwealth of Puerto Rico, the Governor shall submit to the Legislature at the beginning of each regular session, an Annual Budget of Capital Works and Operating Expenses of the Commonwealth, its Instrumentalities and Public Corporations, to be charged to the General Fund, the Special Funds, the grants from the United States Government, bond issues and loans, the Public Corporations' own revenues, and any other sources of income, which will indicate the government's programs and objectives proposed by the Chief Executive for the following fiscal year, based on the long-term orientation and goals of the Integral Development Plan, the Four-Year Investment Plan and the Land-Use Plan drafted and adopted by the Planning Board.

The Budget must contain the following information, in the form, extent or detail the Governor deems convenient:

(1) A message from the Governor expounding his program, fiscal and budgetary recommendations.

(2) A general presentation of the objectives, plans and programs on which the Budget is based, as well as the manner that

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said objectives, plans and programs can be achieved with the resources that are recommended in the Budget Plan.

(3) Descriptions of the functions, programs and activities of the Government and its agencies, including, when feasible or convenient, information on the cost of the programs in force and proposed, the objectives attained and the projected and completed administrative improvements.

(4) All the revenues and expenditures of the Government of the Commonwealth of Puerto Rico and its Instrumentalities and Public Corporations during the last completed fiscal year.

(5) An estimate of all expected revenues for the current fiscal year at the time the budget is submitted, and an estimate of the expenses to be incurred during the same period by the Government of the Commonwealth and its Instrumentalities and Public Corporations.

(6) Calculations of all probable revenues of the Government of the Commonwealth and its Instrumentalities and Public Corporations, regardless of their origin, during the following fiscal year according to (1) laws in force on the date the budget is submitted, (2) legislative measures that affect the revenues, if any, (3) the Federal programs in force, and (4) from other sources.

(7) The recommended or proposed appropriations and expenses to be charged to the projected revenues, after due consideration of the Integral Development Plan of Puerto Rico, the Four-Year Investment Program, and the Land-Use Plans prepared for the following fiscal year; except that the Legislature, the Judicial Branch and the Office of the Controller of the Commonwealth of Puerto Rico shall be exempted from submitting budgetary petitions, and the Governor shall include a budget for their regular operating expenses in the proposed budget similar to the current one. The Judicial Branch and the Office of the Controller of the Commonwealth of Puerto Rico shall submit their own petitions for funds for regular operating expenses directly to the Legislature. The Judicial Branch and the Controller's Office shall furnish the Office with a copy of all information they submit to the Legislature so that the Office may advise the Legislature regarding the petitions for funds for the regular operating expenses of said entities. The recommendations and petitions for appropriations of lump sums in the general budget bill for each government agency shall be supported by detailed calculations by expense items and by programs or activities in the Budget that is submitted.

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(8) The financial statements and any other economic data and information, including the budgets of public corporations and enterprises which, in his judgment, could be necessary or convenient in order to make known in as detailed a manner as feasible, (1) the financial condition of the Commonwealth Government at the close of the last fiscal year, (2) its estimated fiscal situation at the close of the current fiscal year, including all balances available for expending, and (3) the estimated fiscal situation at the close of the following year, if the proposals contained in the Budget are adopted.

(b) The Governor shall submit the appropriations and income-generating draft bills, in agreement with the recommended Budget during the Regular Session of the Legislature, within the term prescribed by law.

(c) He shall proceed according to the following priority guidelines for the disbursement of public funds in tune with Section 8, Article VI of the Constitution of the Commonwealth of Puerto Rico, when the funds available for a specific fiscal year are not sufficient to cover the appropriations approved therefor; Provided, That these functions may be delegated to the Director of the Budget and Management Office:

(1) Order the payment of interest and amortizations corresponding to the public debt.

(2) Order that the commitments entered into by virtue of legal contracts in force, judgments of the Courts in cases of condemnation under eminent domain, and binding obligations to safeguard the credit, reputation and good name of the Government of the Commonwealth of Puerto Rico, be attended to.

(3) Order that preference be given to disbursements charged to appropriations for regular expenses connected with the 1) conservation of public health, 2) protection of persons and property, 3) public education programs, 4) public welfare programs, 5) payment of employer contributions to retirement systems and payment of pensions to individuals granted under special statutes; and then, the remaining public services in the order of priority determined by the Governor, provided, that the disbursements related to the services listed hereunder shall not have preference among themselves but shall be handled simultaneously; Provided, further, That any adjustments due to reductions may be made in any of the appropriations for regular expenses, including the service areas indicated in this paragraph.

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(4) Order the construction of capital works or improvements with duly executed contracts; Provided, That priority shall be given to emergency works caused by catastrophes or acts of nature, acts of God; and then, to those works that are most responsive to the development of the normal and economic life of Puerto Rico.

(5) Order that the payment of contracts and commitments contracted under special appropriations for operations be honored, and then, that special preference be given to those phases of the programs that are in the process of development or in a stage of planning which, if postponed, would affect the interests of the clients served by the program, directly or indirectly.

(d) In the implementation of the priority guidelines established above, the following administrative measures mentioned hereunder may be adopted; Provided, That the Governor or the Director of the Office, as delegated by him, shall submit to the President of the Senate and the Speaker of the House of Representatives, as well as to the Committees on Finance of both legislative bodies, a detailed report of the adjustments which have been made to balance the budget, pursuant to the provisions of this section. The Governor shall submit with said report his recommendations regarding the manner the postponed works and activities are to be handled. The obligations consigned for the postponed works shall be cancelled for the effects of the year which has been adjusted, and will be entered into the Secretary of the Treasury's books against the funds available to be appropriated in subsequent years, under the corresponding appropriation warrants issued by the Governor.

(1) To adjust the appropriations for the regular operating expenses provided for the various Commonwealth agencies and instrumentalities, according to the priority guidelines established in subsection (c) of Section 4.

(2) To adjust the appropriations approved for the development of capital works the execution of which has not been brought to public auction, by postponing that part of the lawfully authorized work which cannot be completed because of limitation of funds.

(3) To adjust the appropriations for special programs which, if postponed, do not affect nor are in conflict with the commitments and obligations contracted, by reducing or adjusting the sums authorized by law.

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(e) With regard to the administration and control of the Budget, he shall have the following faculties that he may delegate to the Director of the Office.

(1) To approve the budgetary items, through Executive Budgets, of the lump-sum appropriations approved in the General Budget Joint Resolution, or any other laws; and of resources available in special Federal or Commonwealth funds. These details may be prepared on the basis of specific fiscal years or on quotas for stated periods of time within a fiscal year.

(2) To amend the budgetary items as he deems necessary without affecting the total amount appropriated to the agencies, except as provided in clauses (c) and (d) of Section 4 or when it is otherwise provided by other statutes.

(3) To approve and authenticate through Executive Budgets, or Position and Expense Authorizations, the special authorizations to incur expenses and create positions, from any funds or appropriations, regardless of their source. Those authorizations not covered in the Executive Budgets indicated in clause (e), paragraph (1), shall be deemed as special.

(4) To determine which vacant positions, or those that may be vacated later, shall not be covered during whatever period is considered necessary.

(5) To establish budgetary reserves and restrict the funds available to the agencies, in whatever way he deems pertinent, when, in the execution and control of the budget, he considers it necessary, regardless of the circumstances established in clauses (c) and (d) of Section 4.

(6) To include the items needed for the payment of debts incurred by the agencies in previous years, in the details of the budget, chargeable to the various sources of revenue and to reduce in said amounts the resources available to the body for the fiscal year in which the adjustment is made. The exercise of this function shall not apply to those agencies or enterprises that operate with their own independent treasuries, nor to those agencies which are provided with appropriations over which the Office has no budgetary control, which shall take the pertinent measures to honor the previous years' debts.

(7) To authorize the Secretary of the Treasury to advance funds to the agencies, chargeable to the General Fund for obligations or disbursements of programs with United States Government grants which have been approved but have not been received,

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and for the payment of capital improvements which have been contracted for and are in the process of being built, until new appropriations become effective.

Section 5.—Recommendations on Revenue

If in a given fiscal year, the total revenue figured on the basis of the laws in force, plus the resources or surpluses available for appropriation, were less than the expenses proposed, the Governor shall recommend new taxes, loans, or other pertinent action to the Legislature to deal with the estimated deficit. If the sum of all estimated revenues is greater than the proposed expenditures, the Governor shall make the recommendations which, in his judgment, best serve the public interest.

Section 6.—Creation of the Budgetary Fund

(a) A depository fund of the Government of the Commonwealth, under the custody of the Secretary of the Treasury, is hereby authorized and created and shall be known as the "Budgetary Fund".

(b) The Secretary of the Treasury may transfer the sum of two million dollars to the "Budgetary Fund" from unencumbered surpluses of the appropriations consigned in the General Budget Act, at the close of operations of each fiscal year. The Governor of Puerto Rico and the Director of the Office, by his delegation, may order that a larger amount of said unencumbered surplus funds than that specified herein be covered into the Fund when he deems it convenient. The maximum balance of said Fund shall not exceed three (3) percent of the Funds appropriated in the Budget Joint Resolution for the year in which such funds are ordered to be covered into the Budgetary Fund.

(c) The Budgetary Fund shall be used to cover the appropriations approved in any fiscal year in which the revenues available for such year are not sufficient to handle them, and to honor the payment of the public debt and to attend to unforeseen circumstances in the public services.

(d) The Governor, and the Director of the Office by his delegation, may authorize the advancing of funds to the agencies and public corporations, to be charged to the Fund, to attend to obligations or disbursements of programs with grants from the Government of the United States which have been approved and have not yet been received, to pay for capital improvement contracts in the process of being built, in which the appropriations become effective.

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(e) The Governor is hereby authorized to order the use of the Budgetary Fund's resources that are needed to attend to such circumstances.

Section 7.—Authority To Borrow Money

In any fiscal year in which the revenues of the Public Treasury are not sufficient to handle the appropriations approved for said fiscal year, the Governor may authorize the Secretary of the Treasury to borrow funds from the Government Development Bank, in the first place, and, if needed, from any of the Commonwealth Funds under his custody, under such terms and conditions as the Secretary deems advisable. The funds under the custody of the Secretary of the Treasury that belong to the public employees' retirement system, the Puerto Rico Commonwealth Employees Association, and public employees' associations organized under the statutes in force, are excluded from this authorization.

Section 8.—Limitation on Expenditures in Election Year

During the period comprised between July 1 of the year a general election is held, and the date the new officials elected in said general election are sworn into office, it shall be unlawful to incur expenses or obligations that exceed fifty (50) percent of the budgetary appropriation of each item. The Secretaries and Directors of the Agencies shall be directly responsible for any violation of this provision, which shall constitute a misdemeanor which is punishable by imprisonment for a term of six months or a fine of five hundred (500) dollars, or both penalties, in the discretion of the court. Provided, however, that this limitation shall not apply to the Judicial Branch, the Legislative Branch, to any appropriation for matching federal funds which require an advance, the capital improvements programs, the payment of the public debt, the appropriations to the University of Puerto Rico, and the appropriations for specific legal purposes that do not constitute regular operating expenses.

Section 9.—Succession

(a) The Budget and Management Office shall be the successor, for all ends and purposes, of the Bureau of the Budget created by Act No. 213 of May 12, 1942, amended,³⁹ pursuant to the provisions of this act.

³⁹ 23 L.P.R.A. §§ 1-86.

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(e) All property or any interest therein, records, files, or those to be appropriated in the future, including surpluses, assets and debts of all types; obligations and contracts of any type; and licenses, permits and other authorizations, shall be transferred to the Budget and Management Office to be used for the ends and purposes of this act.

(c) All personnel employed in the Bureau of the Budget upon the approval of and the effective date of this act shall be transferred to the Budget and Management Office. Said personnel shall retain all vested rights as of the effective date of this act, as well as the rights, privileges and obligations, and status in connection with any existing pension or retirement system or systems or savings and loan funds to which they may be affiliated.

Section 10.—Appropriations

The appropriation of funds for the operating expenses of the Office shall be included in the annual budget that is submitted to the Legislature. If for any reason the funds for the expenses are not included in said annual budget, the appropriation for said year shall be identical to that of the immediately preceding year.

Section 11.—Repealing Clause

Sections 1, 20, 30, 31, 32, 32A, 32B, 32C, 32D and 33 of Act No. 213 of May 12, 1942, as amended;⁴⁰ Act No. 77 of June 24, 1975,⁴¹ known as the Bureau of the Budget Organic Act, and every act or part thereof or regulations which may be inconsistent with the provisions of this act, are hereby repealed.

Section 12.—Savings Clause

If any word, clause, sentence, section or other part of this act were questioned for any reason before any court and found unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions and parts of this act, but its effect shall be confined to the word, clause, sentence, section or part so held unconstitutional or invalid, and the nullity or invalidity of any word, clause, sentence, section, or part, in any instance shall not be held to affect or prejudice in any way, its applicability or validity in any other instance.

⁴⁰ 23 L.P.R.A. §§ 1, 20, 82–86.

⁴¹ 23 L.P.R.A. §§ 1 note, 1, 81–86a.

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Section 13.—Effective Date. This act shall take effect immediately after its approval.

Approved June 18, 1980.

**Aqueduct and Sewer Authority and Electric Power Authority—
Acquisition for Bidding; Limit**

(Substitute for
H.B. 1325)

[No. 148]

[*Approved June 18, 1980*]

AN ACT

To amend Section 11 of Act No. 40 of May 1, 1945, as amended, known as the “Aqueduct and Sewer Act of Puerto Rico”, and amend Section 15 of Act No. 83 of May 2, 1941, as amended, presently known as the “Puerto Rico Electric Power Authority Act”, to increase from \$10,000 to \$20,000 the maximum amount of goods and services which the Authority may acquire without competitive bidding proceedings.

Be it enacted by the Legislature of Puerto Rico:

Section 1.—Section 11 of Act No. 40 of May 1, 1945, as amended,⁴² is hereby amended to read as follows:

“Section 11.—Construction and Purchase Contracts.—

All purchases and contracts for supplies or services, except personal services, made by the Authority, including contracts for the construction of its works shall be made through public bidding. Provided, that when the estimated cost of the acquisition or performance of the work does not exceed twenty thousand (20,000) dollars, the expenditure may be carried out without advertising for bids. However, competitive bidding shall not be required when:

- (1) an emergency requires immediate delivery of materials, supplies, or equipment, or the performance of services; or
- (2) repair parts, accessories, or supplemental equipment or services are required for supplies or services previously furnished or

⁴² 22 L.P.R.A. § 151.